

## Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 H-02 AID-05 CIAE-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PRS-01 /059 W

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R 241020Z JUL 75

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 9047

INFO AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

LIMITED OFFICIAL USE KARACHI 1537

E. O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: SUCCESSFUL CONCLUSION CHEMTEX/DUPONT NEGOTIATIONS  
FOR KARACHI POLYESTER PLANT

REF: KARACHI 1517

BEGIN SUMMARY: CHEMTEX NEGOTIATORS SIGNED LETTER OF INTENT  
WITH FEDERAL CHEMICAL AND CERAMICS CORP AFTERNOON JULY  
23, THUS SUCCESSFULLY BRINGING TO A CLOSE THE VERY  
LENGTHY NEGOTIATIONS WHICH HAVE GONE ON HERE AND IN  
ISLAMABAD BETWEEN CHEMTEX, FCCC AND MIN INDUSTRIES SINCE  
EARLY 1975. CONSTRUCTION CONTRACT AT FLAT \$22 MILLION INVOLVES  
IMPORTANT U.S. EXPORT AND B/P BENEFITS, SINCE NEARLY  
ALL EQUIPMENT, ENGINEERING AND KNOW-HOW WILL COME FROM  
U.S. AND \$17 MILLION OF FINANCING WILL BE PROVIDED BY  
SAUDI ARABIA. END SUMMARY.

1. CHEMTEX EXECS FRANK TONNIES AND ED EMERSON RETURNED  
TO KARACHI FROM ISLAMABAD NIGHT OF JULY 22 AFTER CONCLUSIVE  
MEETING BETWEEN MINISTER INDUSTRIES RAFI RAZA AND FCCC  
OFFICIALS TO MAKE BID AWARD ON PAKISTAN'S FIRST POLYESTER  
PLANT, TO BE LOCATED AT KARACHI. DURING THESE NEGOTIATIONS  
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CHEMTEX IMPROVED BID TERMS SOMEWHAT, REDUCING THEIR

OVERALL PRICE FOR CONSTRUCTION POLYESTER PLANT TO FLAT \$22 MILLION CIF ON CONDITION THAT LETTER OF INTENT BE SIGNED FORTHWITH. MINISTER OF INDUSTRIES RAFI RAZA THEN LEFT FINAL DECISION TO FCCC CHAIRMAN MAHMOOD AHMED WHO DECIDED FAVORABLY FOR CHEMTEX/DUPONT.

2. IN ENSUING MEETING AT FCCC OFFICES JULY 23 MAHMOOD AHMED AND ED EMERSON SIGNED LETTER OF INTENT WHICH HAS LEGAL FORCE. CHEMTEX EXECS LEFT FOR NEW YORK JULY 24 AND WILL RETURN TO KARACHI ON AUG 5 WITH DETAILED CONTRACT.

3. COMMENT: CHEMTEX/DUPONT-FCCC NEGOTIATIONS HAVE GONE ON OVER UNUSUALLY LONG PERIOD, STARTING IN EARLY JANUARY 1975 AND HAVE INVOLVED, ACCORDING TO C/D ESTIMATES, OVER \$100,000 IN TRAVEL AND PER DIEM EXPENSES. THE NEGOTIATIONS HAVE ALSO MORE DEEPLY INVOLVED THE U.S. MISSION IN PAKISTAN THAN ANY OTHER WHICH WE REMEMBER HERE. CONGEN IS PROUD THAT IT COULD CONTRIBUTE IN SMALL WAY TO SUCCESSFUL CONCLUSION OF THIS CONTRACT AGAINST TOUGH AND SUSTAINED FOREIGN COMPETITION. CHEMTEX OFFICIALS, WITH WHOM CONGEN OFFS SPOKE BEFORE THEIR RETURN TO NEW YORK, COMMENTED THAT THE KARACHI POLYESTER PLANT IS LARGEST SINGLE CONTRACT WHICH CHEMTEX HAS OBTAINED SINCE ITS FORMATION, A PERIOD DURING WHICH IT HAS CONSTRUCTED SOME 200 PLANTS. THE KARACHI POLYESTER PLANT WILL ALSO BE THE LARGEST SINGLE CHEMICAL PROJECT TO BE CARRIED OUT IN PAKISTAN, AND MAY, OF COURSE, LEAD TO FURTHER INVOLVEMENT OF U.S. FIRMS IN THE DEVELOPMENT OF THE CHEMICAL SECTOR HERE.  
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## Message Attributes

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**Concepts:** n/a  
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**Disposition Approved on Date:**  
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